

Council/Agency Meeting Held: _____	City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	RECEIVED 2005 OCT 11 AM 8:16 CITY CLERK CITY OF HUNTINGTON BEACH
Council Meeting Date: October 17, 2005	
Department ID Number: PL032	

CITY OF HUNTINGTON BEACH REQUEST FOR ACTION

SUBMITTED TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS
SUBMITTED BY: *Penelope Culbreth Graft*
 PENELOPE CULBRETH-GRAFT, City Administrator
PREPARED BY: HOWARD ZELEFSKY, Planning Director
 ROBERT F. BEARDSLEY, PE, Director of Public Works
SUBJECT: APPROVE CONDITIONAL USE PERMIT NO. 02-04/COASTAL
 DEVELOPMENT PERMIT NO. 02-05 (SEAWATER DESALINATION
 PROJECT)

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue:

On September 7, 2005 the City Council certified Recirculated Environmental Impact Report No. 00-02 and continued Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 to the October 17, 2005 meeting. The City Council directed staff to further review and provide additional information on the benefits of the project to the City as well as further address pipeline construction. This report discusses the pipeline issues and land use-related benefits. Other economic benefits are addressed in a separate report.

Funding Source: Not applicable.

Recommended Action:

STAFF RECOMMENDATION:

Motion to:

1. "Approve Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 to permit the Seawater Desalination Project with staff recommended findings and conditions of approval (Attachment No. 1)."
2. "Approve CEQA Statement of Findings and Fact with a Statement of Overriding Considerations (Attachment No. 2)."
3. "Approve the Mitigation Monitoring and Reporting Program (Attachment No. 3)."

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Alternative Action(s):

The City Council may make the following alternative motion(s):

1. "Approve Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 to permit the Seawater Desalination Plant with **Planning Commission** straw vote findings and conditions of approval (Attachment No. 2 to the September 6, 2005 staff report)."
2. "Deny Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 with findings for denial. (Attachment No. 3 to the September 6, 2005 staff report)"
3. "Continue Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 and direct staff accordingly."

Analysis:

This report discusses construction of the proposed water transmission line as well as the land use-related benefits of the project to the City. The overall project is described in greater detail in the September 6, 2005 staff report on Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 (Attachment No. 6).

WATER TRANSMISSION LINE

One of the components of the project is an underground water transmission pipeline proposed to connect the desalination project to the closest regional distribution line located in Costa Mesa (Attachment No. 4). The segment located within Huntington Beach would be approximately four miles long, one mile of which would be within the Coastal Zone boundary, and would be located entirely within the existing public right-of-way along Newland Street, Hamilton Avenue, Brookhurst Street, and Adams Avenue based on the primary alignment proposed. The pipeline would be 42 to 48 inches in diameter. The discussion below covers six topics:

1. Mitigation measures, standard construction requirements and additional public outreach related to pipeline construction;
2. Comparison of the project pipeline with that of the Orange County Sanitation District (OCS);
3. Other pipeline construction;
4. Dewatering;
5. Adjacency to ASCON; and
6. Major Intersection Crossings

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Mitigation Measures, Standard Construction Requirements and Additional Public Outreach

The following are mitigation measures (MM) in the certified Recirculated Environmental Impact Report No. 00-02 for the Seawater Desalination project as well as standard construction requirements, which address the proposed off-site water transmission line. As demonstrated by the list, there are numerous provisions that would help to minimize pipeline construction impacts.

Mitigation Measures

1. During demolition, grading, site development, and/or construction, the following shall be adhered to:
 - a. Construction related activities will be subject to, and comply with, standard street use requirements imposed by the City of Huntington Beach, County and other public agencies, including the use of flagmen to assist with haul truck ingress and egress of construction areas and limiting the large size vehicles to off-peak commute traffic periods. For all work done in the City of Costa Mesa, the project applicant shall receive approval from the Costa Mesa Public Services Department. **(MM-CON 33)**
 - b. During periods of heavy equipment access or truck hauling, the Contractor will provide construction traffic signage and a construction traffic flagman to control construction and general project traffic at points of ingress and egress and along roadways that require a lane closure. **(MM-CON 35)**
 - c. Excavation for the proposed project shall implement dewatering activities in compliance with NPDES regulations. Pumped groundwater shall be sampled, tested, and (if deemed necessary) treated prior to discharge. **(MM-GEO 3)**
2. Prior to the excavation process for pipeline construction, the contractor shall coordinate with the County of Orange's Integrated Waste Management Department in order to ensure that proposed pipeline construction does not impact drainage of the former Cannery Street Landfill. **(MM-CON 28)**
3. Studies to evaluate the potential for landfill gas (LFG) generation and migration will be completed prior to issuance of grading permits. Appropriate mitigation measures will be coordinated with the South Coast Air Quality Management District, Solid Waste Local Enforcement Agency, Regional Water Quality Control Board, and the City of Huntington Beach Fire Department. Mitigation measures could entail active or passive extraction of LFG to control surface and off-site migration and passive barriers with vent layers and alarm systems below trenches and within 1,000 feet of the former Cannery Street Landfill boundary. A comprehensive monitoring network will be established along the pipeline alignment adjacent to the landfill. Approved periodic monitoring of the monitoring network will be performed. **(MM-CON 30)**

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4. A Traffic Management Plan (TMP) shall be prepared and implemented to the satisfaction of the affected jurisdiction within which the facilities are to be constructed when the facilities are to be located where construction would affect roadways. The TMP shall include, but not be limited to, the following measures: **(MM-CON 31)**
- a. Limit construction to one side of the road or out of the roadbed where possible;
 - b. Provision of continued access to commercial and residential properties adjacent to construction sites;
 - c. Provide alternate bicycle routes and pedestrian paths where existing paths/ routes are disrupted by construction activities, if any, and prior to initiating construction, the public shall be notified as to which bicycle routes will be disrupted and when construction will commence;
 - d. Submit a truck routing plan, for approval by the City of Huntington Beach, County, and other responsible public agencies in order to minimize impacts from truck traffic during material delivery and disposal;
 - e. Prior to any partial or full closure on a street within the city of Costa Mesa's limits, a detour plan shall be submitted to the city for approval by the City Transportation Services Manager. Where construction is proposed for two-lane roadways, confine construction to one-half of the pavement width. Establish one lane of traffic on the other half of the roadway using appropriate construction signage and flagmen;
 - f. The TMP shall be approved by affected agencies at least two weeks prior to construction. The applicant shall submit the TMP to Caltrans and the City of Costa Mesa at the 90-percent design phase;
 - g. Construction activities shall be coordinated with other construction activity taking place in the affected area(s); and
 - h. Provide for temporary parking, where necessary, during installation of pipelines within the AES site.
5. The Contractor shall obtain the necessary right-of-way encroachment permits and satisfy all permit requirements. Nighttime construction may be performed in congested areas. Also, any nighttime construction activities shall have prior approval by the City of Huntington Beach Department of Public Works. Any nighttime construction activities in the City of Costa Mesa shall receive approval from the Public Services Director. **(MM-CON 34)**
6. Prior to the commencement of any directional boring for water conveyance pipeline implementation, the applicant shall prepare a Frac-Out Contingency Plan. The plan shall establish criteria under which a bore would be shut down (e.g., loss of pressure, loss of a certain amount of returns) and the number of times a single bore should be allowed to frac-out before the bore is shut down and reevaluated. It will also clearly state what measures will be taken to seal previous frac-outs that have occurred on a given bore to ensure that it does not become the path of least resistance for subsequent frac-outs. Additionally, the site-specific Frac-Out Contingency Plan will be prepared and reviewed by the City Engineer and appropriate resource agencies prior to each major bore. **(MM-CON 41)**

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7. Prior to issuance of grading permits, the following shall be completed:
 - a. Prior to issuance of any permit, the applicant shall enter into a Franchise agreement with the City for the generation and transport of product water from the site, and through and across the city's streets, rights-of-way or properties. (PW) (MC 3.44)
 - b. Improvement Plans for all offsite water transmission lines within the limits of the City of Huntington Beach shall be designed and prepared by a licensed Civil Engineer showing a plan and profile of the improvements. Said plans shall be submitted on mylar sheets to the Public Works Department for review and approval. Trenchless construction methods will be utilized to cross roadways sensitive to traffic disruption and drainage channels as deemed necessary by the Public Works Department. (PW)
 - c. Conflicts between the routing for all offsite water transmission lines and other existing or proposed utilities, facilities or public infrastructure shall be identified and mitigated on the water line improvement plans. (PW)
 - d. Traffic Control Plans prepared by a Licensed Civil or Traffic Engineer shall be submitted to the Public Works Department for review and approval for offsite pipeline construction or any other work within the City's right-of-way. (PW)

Standard Construction Requirements

The following additional items are standard construction requirements related to pipeline construction. These requirements, which are required for the City's contractor currently constructing the OC-9 water pipeline, are specified on bid documents and construction plans and would be applicable to the water delivery pipeline proposed by Poseidon Resources Corporation.

1. Scope and Control of Work: The applicant shall give at least 24 hours advance notice prior to start or resume work.
2. Utilities: Prior to construction, the location of all known underground utilities or substructures of every nature will be determined to protect them from damage.
3. Utilities: All utilities crossings shall be potholed, including service connections, which have been marked by the respective owners and which may affect or be affected by the Work.
4. Contractor's Equipment and Facilities: A noise level limit of 95 dbl. at a distance of 50' shall apply to all construction equipment on or related to the job whether owned by the Contractor or not.
5. The Contractor shall comply with the State Water Resources Control Board (SWRCB) Order No. 99-08-DWQ National Pollutant Discharge Elimination System (NPDES) General Permit No. CAS000002. The Contractor shall prepare and submit a Notice of Intent (NOI) and a Notice of Termination, (NOT) and pay all associated fees in accordance with the General Permit Requirements and Conditions. A Storm Water Pollution Prevention Plan (SWPPP) shall be prepared for review and approval by the City of Huntington Beach.

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6. Cleanup and Dust Control: Unless directed otherwise by the Engineer, the Contractor shall furnish and operate a self-loading motor sweeper with spray nozzles at least once each working day over the streets in and around the job site or haul routes to keep paved areas acceptably clean wherever construction, including restoration, is incomplete. Additional sweeps shall be made as necessary or as directed by the City to remove tire tracking or accumulated materials.
7. Protection and Restoration of Existing Improvements: The Contractor shall relocate, repair, replace or reestablish all existing improvements within the project limits which are not designated for removal (e.g., curbs, gutters, sidewalks, driveways, fences, walls, sprinklers systems, signs, utility installation, pavements, and structures) which are damaged or removed as a result of his operations.
8. Where existing traffic striping, pavement markings and curb markings are damaged or their reflectivity reduced by the Contractor's operations, such striping or markings shall also be considered as existing improvements and the Contractor shall repaint or replace such improvements.
9. Traffic and Access: The Contractor shall provide, to the Engineer, a telephone number at which the Contractor's representatives can be reached, at any hour, should an emergency occur requiring replacement or relocations of the traffic control devices.
10. Information signs shall be required on all arterial streets one week prior to beginning of roadway construction projects.
11. The Contractor shall provide and maintain all signs, barricades, flashers, delineators and other necessary facilities for the protection of the motoring public within the limits of the construction area. He shall also post proper signs to notify the public regarding detours and conditions of the roadway, all in accordance with the provisions of the Vehicle Code, the current State of California Department of Transportation "Manual of Traffic Controls for Construction and Maintenance Work Zones," and the State of California Department of Transportation Standard Plans and the current City of Huntington Beach Maintenance Work Traffic Control Manual.
12. Warning Signs: Adequate warning signs for motorists shall be placed and maintained throughout all applicable phases of the work including speed limit reduction, loose gravel, fresh oil, steel plates, and open trench. Signs shall be 36" X 36" in size; shall be on site ready for placement prior to start of the application phase of work and shall be placed in advance on all streets approaching the work zone.
13. Street Closures, Detours, Barricades: Construction Traffic Control Plans shall be prepared in accordance with the Agency's latest Traffic Control Plan Preparation guidelines and shall be reviewed and approved by the Engineer.
14. Trench Excavation: When backfilling operation of an excavation in the travel way cannot be properly completed within a work day, steel plate bridging with a nonskid surface and shoring may be required to preserve unobstructed traffic flow. Steel plate bridging shall be installed to operate with minimum noise. Temporary paving with cold asphalt concrete shall be used to feather the edges of the plate. Fine graded asphalt concrete shall be

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compacted to form ramps, maximum slope of 8.5% with a minimum of twelve (12") inches taper to cover all edges of the steel plates.

15. Unless specified, use of steel plate bridging at any given locations should not exceed four (4) consecutive working days in any given week. Trench plates need to be set flush with pavement and secured in place for any duration over four (4) days upon approval of the Engineer.
16. Landscape and Irrigation Installation: The contractor shall contact an I.S.A. Certified Arborist to trim the street trees as necessary to clear all construction equipment and the extent of their reach during the construction process. In addition the street trees shall be trimmed where traffic will be diverted during construction.
17. All damaged trees shall be replaced at the direction of the City Landscape Inspector/Arborist with two (2) each 24" box trees for each tree damaged.
18. All landscaped areas affected by construction activities shall be returned to their original state, be it sod lawns, containerized ground coverings, five gallon shrubs and/or 24" box trees. In addition, all irrigation systems shall be made functional or augmented to provide 100% coverage for re-establishment and continuing maintenance.
19. Painting: Temporary centerline or median stripes for traffic control shall be placed at the completion of each days work to provide for night delineation for traffic separation.
20. At no time shall the street be open to traffic without delineation to separate opposing traffic. Temporary delineation type shall be at the inspector's discretion.
21. The contractor shall provide written evidence to the City that all the necessary pipe and related pipeline materials are available and dedicated for delivery prior to starting any pipeline work.

Public Outreach

The applicant has also indicated that they will complete the following two items prior to pipeline construction:

- Before the pipeline design is initiated the Applicant shall complete public meetings with the residents of the neighborhoods along the pipeline route to gain public comments and input regarding specific concerns and issues that need to be reflected in the pipeline design.
- A minimum of two weeks in advance of any construction activities along a given City street, the residents of this street shall be informed personally by visits and/or mail regarding the anticipated daily schedule of construction activities, street traffic conditions, any alternative access routes and the time of various construction activities. In addition, a local office address, phone number, and contact person will be clearly delineated on any and all information.

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Comparison to OCSD Sewer Line

Concern has been expressed regarding the desalination project water transmission line possibly creating the same or similar adverse impacts that the OCSD sewer line project has had on the surrounding neighborhoods. There are at least four significant differences between the two transmission lines:

1. The OCSD sewer line is nine feet (108") in diameter whereas the desalination water transmission line is four feet (48") in diameter (i.e. two times smaller).

Excavation and installation of the larger, deeper 108" sewer line required, in some areas, full street closures due to very large construction equipment and a wide trench width. The width of the 48" water pipeline trench and somewhat smaller construction equipment will require closures of one or two lanes. As a result, the inconvenience of the construction of the water line on the city streets and surrounding areas will be significantly less than that caused by the disruption of the sewer line. The pipeline route was selected by the applicant to use wide arterial roads to the maximum extent in order to minimize community disruption.

2. The OCSD sewer line flows by gravity and therefore required construction at greater depths (20 to 35 feet deep) to allow for adequate slope (i.e. as the pipe moves closer to the ocean, the OSCD trench becomes deeper). In contrast, the desalination water transmission line would be pressurized and, not dependent on gravity, could be constructed at much shallower depths (8 to 10 feet deep).

Due to the depth of groundwater, the dewatering process used by OCSD consisted of drilling a line of dewatering wells along each side of the trench, lowering the groundwater to approximately two feet below the trench bottom. The groundwater table, thus, was lowered approximately ten feet. This major dewatering technique would not be expected to be necessary for Poseidon's pipeline since its proposed pipeline would be approximately at or slightly above the groundwater elevation.

3. Construction of the product water line within the city limits would take approximately 8 months, which would be 33 percent less than the 12 month timeline for the construction of the sewer pipeline. This is because (1) the water pipeline trench would be significantly smaller (i.e. the excavation and installation is much faster); (2) the pipeline materials would be of standard size and therefore can be installed by standard, high-productivity pipeline laying equipment rather than specialized low-productivity sewer line laying equipment, and (3) a major dewatering operation would not be required.
4. City staff would have greater oversight and greater control of the design and construction of the Poseidon pipeline.

In summary, the size of OCSD's pipeline, depth of the trench and maneuvering room for construction equipment resulted in much greater and different impacts than would be

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associated with the contemplated water transmission pipeline. The OCSD project required extremely large construction equipment, extensive dewatering and extensive trench shoring, not to mention the severe material problems that stopped the work for lengthy periods. Poseidon's pipeline would be installed using more conventionally sized equipment, limited dewatering and standard shoring (shields and hydraulic shoring). The pipe would be comprised of standard sizes and materials; so, special order replacements would not be expected in the event of any defects. OCSD used extremely large excavators and drove vertical piles to install trench shoring. Poseidon's project would use standard large equipment, but still substantially smaller than that required by OCSD and limited or no pile driving would be anticipated during the pipeline construction.

Other Pipeline Projects

In order to continue to meet the city's infrastructure needs, pipeline installation, replacement and improvements are necessary construction activities. Capital Improvement Programs and Master Plans for storm drains, sewer, and water show the need for current and future pipeline construction within the city streets. For example, the City has programmed \$2 million annually through Fiscal Year 2009/2010 for water main replacement in various locations throughout the city. Pipeline construction and rehabilitation range from lengths of a few feet to several miles and from a few inches in diameter to pipelines eight feet in diameter. In addition, in years past, pipelines of identical size to the proposed desalination line have been constructed in the city (e.g. Holly Seacliff 42-inch water line). There has also been successful construction of other large lines by OCSD. For example, in 2000, OCSD constructed a 30-inch sewer line in Ellis Avenue and a 39-inch sewer line in Goldenwest Street. Listed below are recent and current City pipeline projects.

- Warner Sewer Lift Station - Construction of a sewer lift station and installation of a 24-inch diameter gravity sewer main and a 14-inch diameter forced sewer main. The project is located within the public right-of-way along Warner Avenue between Pacific Coast Highway and Los Patos Avenue.
- Alabama St. Storm Drain - Eliminate four grated catch basins and approximately 50 feet of eight-inch pipe that connects to the City's existing sewer system and install a new storm drain system consisting of 42- and 36-inch pipe. A total of eight catch basins, 13 manholes and approximately 3,190 feet of pipe will be installed.
- OC-9 Water Main - Abandon and replace the transmission water pipeline in Newland Street from Edinger Avenue to Yorktown Avenue with a 20-inch line. In addition, a new 12-inch distribution main in Newland Street between Heil Avenue and Warner Avenue will be installed to replace the existing pipelines in this area. Total pipeline length is approximately 3.5 miles.

The type of water pipeline construction proposed by Poseidon Resources Corporation is routine for contractors and City staff, and not dissimilar to City pipeline projects. However, in the southeast area, it is clear that there is heightened sensitivity to pipeline construction as a result of the recent OSCD experience. Staff believes that the City's expertise, coupled with the project's mitigation measures and standard construction requirements would result in

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construction of the proposed water transmission pipeline with the same type of temporary construction impacts that are experienced throughout the city as opposed to those associated with the unique situation of the OSCD pipeline.

Dewatering

Poseidon's pipeline is anticipated to be at or slightly above the groundwater table. Attachment No. 5 provides groundwater table data for three areas along the pipeline route. The data demonstrate that the groundwater table is below the 8 to 10 feet trench depth for the proposed water transmission line, with the exception of the data point for May at the intersection of Brookhurst and Adams that is between this range at 8.6 feet. In addition to avoiding construction during times when the water table is higher, the product water pipeline, which is under pressure, unlike a gravity line, can be installed at needed elevations to avoid both underground obstacles and major dewatering operations. Therefore, local submersible pumps should be adequate to keep the construction area clear of any nuisance water encountered. If the volume of nuisance water is found to be very large, the pipeline sections exposed to these groundwater conditions can be built above the groundwater level (but below the road) by either using concrete encased circular pipeline or low-profile non-circular pipe that can fit the available space between the groundwater level and the road pavement so the need for trench dewatering is avoided. If the specific underground conditions do not allow the use of non-circular or concrete-encased shallow pipe, then the particular pipeline section can be installed using the micro-tunneling method of construction, which alleviates the need to use and, therefore dewater, a pipeline trench.

During even minor dewatering operations, the contractor would be required to establish temporary elevation benchmarks around the excavation area to ensure that there is no ground settlement. Inclinator sensing equipment would be installed along all open-cut construction pipeline trenches in residential and commercial areas. Inclinator meters monitor soil movement and displacement and provide early warning and, ultimately, protection against soil movements in the area of residential housing and commercial establishments caused by pipeline construction. All pipeline dewatering plans would be submitted, reviewed and approved by the City of Huntington Beach.

Adjacency to ASCON

Currently, the ASCON property owner is in the process of strengthening the berms around the two hazardous waste lagoons near Hamilton Avenue, on the ASCON site, to prevent future berm failure. This work is being completed under the oversight of the State Department of Toxic Substance Control (DTSC). The work is expected to be complete in November 2005, and when finished, the landfill lagoon berms would have adequate structural integrity to provide the necessary protection against spills.

Concern was expressed on September 6th regarding the possibility that the desalination project product water pipeline construction could cause the berms to leak or to give way.

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Since the berm strengthening project will be complete well before the initiation of the product water pipeline construction, no impact on berm integrity is expected. However, during the design phase of the project, the Applicant, DTSC and City staff will confirm if the use of trenchless pipeline installation and/or design measures to increase the structural integrity of the berm, such as berm shoring to prevent movement of soil during pipeline construction, is necessary. At a minimum, as a precautionary measure, the Applicant will install inclinometer and vibration sensing equipment to monitor soil movement in the berm and in the vicinity of the pipeline excavation trench. These soil movement sensors will allow for the detection of potential effects of the project on the berm, if any, and to ultimately prevent berm failure. In addition, as discussed in the September 6, 2005 staff report, the proposed pipeline in Hamilton would be located as far north from the ASCON site as is feasible given existing underground utilities.

It should be noted that contaminants from the ASCON site and future remediation activities of ASCON will not affect the operation of the proposed transmission main. The high water pressure and impermeability of the cement mortar-lined steel pipe will prevent the ingress of any contaminants that may possibly appear along the route of the pipeline. There is also a mitigation measure (MM-CON 30) that addresses the potential for landfill gas (methane) to affect construction of the proposed pipeline.

Major Intersection Crossings

Major intersection crossings would be accomplished by the common pipeline construction "bore and jack" method as much as possible to minimize traffic flow interference. This method consists of constructing jacking and receiving pits on both sides of the intersection and then boring of the pipeline under the intersection. All pipeline construction and traffic plans will be submitted, reviewed and approved by the City of Huntington Beach.

Bushard and Hamilton

As noted in the September 6, 2005 staff report, the proposed pipeline would cross Bushard Street at Hamilton Avenue. Currently, it is proposed to trench through the intersection for the construction of the pipeline due to the close proximity of the OCSD transmission line. The top of the OCSD line at that intersection is approximately 7.5 feet below the surface, while the depth of groundwater is approximately 8 feet below the ground surface. It is likely that the Poseidon pipeline would be able to be constructed over the top of the OCSD pipeline at that location. Short-term disruption of traffic as a result is expected to be 1 to 2 weeks. All pipeline construction and traffic plans will be submitted, reviewed and approved by the City of Huntington Beach.

At the September 6, 2005 City Council hearing, there was discussion about the top of the OCSD line at the Bushard and Hamilton intersection being at 6.5 feet below the surface. Since the meeting, OCSD staff confirmed to City staff that the top of the OCSD line is 7.5 feet below the surface as designated on the OCSD as-built drawings. Therefore, there

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should be sufficient room to construct the proposed pipeline for the desalination project at that location without resorting to special design measures.

LAND USE-RELATED BENEFITS TO THE CITY

Since the September 6, 2005 City Council meeting, Poseidon Resources Corporation has refined its proposed offering of benefits to the City. This analysis discusses those benefits that are land use-related. In addition to the specifics of each benefit, of particular interest to the City is the guarantee of these benefits. Staff believes that both a Water Purchase Agreement and a Franchise Agreement are necessary in this regard and has included these in the recommended conditions of approval (Nos. 4i and 5h). The City would negotiate to refine and/or augment the benefits presented below in these agreements. Further, the agreements would have an assignability clause such that the terms would be applicable to a future buyer of the project. It should be noted that both the Franchise Agreement and Water Purchase Agreement executed between the City and Poseidon Resources Corporation would be subject to challenge if there were a public entity successor-in-interest to the entitlement.

The land use-related benefits that would be included in the agreements are presented below by type of agreement. In addition, intrinsic benefits not associated with an agreement for the project are listed.

Benefits Addressed in a Water Purchase Agreement

1. Water Supply Purchase – City has option to purchase up to 3,360 Acre Feet (AF) per year [i.e. 5 cubic feet per second (cfs) or 3.2 million gallons per day (mgd)] of water from the Project on a firm basis, at a price equal to a 5% discount below the cost to purchase MWDOC's treated, uninterruptible potable water. (Note that without additional negotiations, this offer would provide only a nominal cost savings unless based on the MWD rate.)
 - 3,360 AF/year = approx. 20% of annual imported water purchases by City
2. Emergency Water Supply – City would have first right to purchase up to 11,201 AF per year (i.e. 13 cfs or 8.4 mgd) of additional water from the Project in a declared water emergency, at the same cost as above, for up to seven consecutive days. Additional water would be available on an as-available basis. (Note that the definition of "emergency" would need to be clarified in further negotiations.)
3. Reduced size of, or elimination of, reservoir booster pump station due to Project's high-pressure discharge to City system. If eliminated=\$4 million avoided construction costs+\$15,000/year O&M savings+\$25,000/year energy savings.

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4. Local Pipeline Interconnection - City would be provided a 5 cfs (3.2 mgd) pipeline connection from the Project delivery pipeline near the Newland/Edison intersection into city facilities in the area.
 - City could avoid certain MWD surcharges valued at up to \$180,000/year, based on \$55/acre-foot surcharges

Benefits Addressed in a Franchise Agreement

1. Franchise payments for use of City's street rights-of-way for Project's delivery pipeline and connection to OC-44
 - OC-44 interconnect fee of at least \$1 million
 - Franchise payments to City of at least \$100,000/year
2. Repaving of the street from curb to centerline along the pipeline route, including striping and marking. Slurry seal the remaining lanes on the other side of the centerline or median, including constructing ADA-compliant curb ramps consistent with State standards in constructing ADA facilities. This would include all missing and non-standard ramps along the pipeline route adjacent to where paving or slurry sealing is to be performed.
3. Public right-of-way enhancements - Funds would be provided to the City, to be dedicated specifically for City projects in the southeast area, with a priority given toward enhancements along the pipeline route, including tree-damaged sidewalk repair/replacement, parkway tree removal/replacement, vacant tree well planting, median planting restoration/enhancement and frontage road landscaping replacement/enhancement. City staff estimates that the cost for this work would be on the order of \$1.9 million, subject to negotiations with Poseidon. The City, at its discretion, would be allowed to accumulate funds year-to-year to "bank" future expenditures toward a major project, or projects.
4. Pipeline construction oversight - Poseidon's contractor will provide a performance, surety bond and site restoration bond; City will have the right to review the qualifications of the pipeline contractors prior to selection; Poseidon will pay for a full time on-site city construction inspector for pipeline construction.

Intrinsic Benefits

1. Additional Ocean water quality testing required since water will be a source of the public drinking water supply.
2. Improved appearance and remediation of the immediate site by replacement of oil storage tanks and containment berms with an architecturally enhanced, lower profile, and landscaped facility.

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3. Diversification of City's water supply portfolio on a regular and emergency basis.

Environmental Status:

Following approval of the conditional use permit and coastal development permit, the City Council must approve CEQA Statement of Findings and Fact with a Statement of Overriding Considerations (Attachment No. 2), and a Mitigation Monitoring and Reporting Program (Attachment No. 3). The Statement of Findings and Fact with Statement of Overriding Considerations was revised to incorporate the revised information on benefits to the city.

Attachment(s):

City Clerk's Page Number	No.	Description
15	1	Findings and Conditions of Approval (Staff Recommendation)
46	2	Revised CEQA Statement of Findings and Fact with Statement of Overriding Considerations – REIR No. 00-02
95	3	Mitigation Monitoring and Reporting Program – REIR No. 00-02
174	4	Conceptual Pipeline Alignment dated August 2005
176	5	Groundwater Table Data along Conceptual Pipeline Alignment
178	6	September 6, 2005 Staff Report on Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 (previously provided and not attached)
180	7	Letter from Poseidon Resources Corporation dated October 10, 2005

RCA Author: Ramos/Broeren

*Attachments on
File for Public
Review in the
City Clerk's Office*

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